* UMASS/AMHERST *
312066 0324 9166 0

University of
Massachusetts
Amherst

LIBRARY

Z 1989, [illegible]

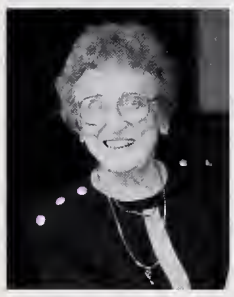
R35
.14
96

ASS.
14.1:
96

C·E·D·A·C

COMMUNITY ECONOMIC
DEVELOPMENT ASSISTANCE
CORPORATION

GOVERNMENT DOCUMENTS
COLLECTION
SEP 14 '97
University of Massachusetts
Depository Copy



Annual Report 1996

As required by Section 6 of Chapter 498 of the Acts and Resolves of 1978, the report is respectfully submitted to:

WILLIAM F. WELD
Governor
Commonwealth of Massachusetts

STANLEY C. ROSENBERG
Chairman
Senate Ways and Means Committee

PAUL R. HALEY
Chairman
House Ways and Means Committee

CHARLES D. BAKER
Secretary of Executive Office
for Administration and Finance

EDWARD B. O'NEILL
Senate Clerk

ROBERT E. MAC QUEEN
House of Representatives Clerk

GOVERNMENT DOCUMENTS
COLLECTION

NOV 14 1997

University of Massachusetts
Depository Copy

The proof of CEDAC's impact on the non-profit development community goes far deeper than just the buildings it helps restore, the programs it helps to create, the policies it helps to formulate. For each endeavor, there are many lives that are touched by the positive changes brought about by CEDAC's work. Whether it be a new building, a place for children, a safer neighborhood, or the chance to call a house a home, CEDAC and its non-profit partners truly help renew the spirit of community in neighborhoods across Massachusetts.

LETTER FROM THE CHAIRPERSON AND EXECUTIVE DIRECTOR

In 1996 CEDAC continued to diversify its community economic development agenda to more fully serve the needs of our non-profit partners. The growth of more ambitious programs in economic development and child care reflect the ongoing expansion of CEDAC's development technical assistance agenda beyond our traditional support for the development and preservation of affordable housing.

The non-profit development community has steadily grown more sophisticated in its understanding of the need for a balanced, comprehensive approach to improving the lives of the residents of the neighborhoods and communities it serves. Physical redevelopment, while critical, must be accompanied by attention to the issues of income, jobs and employment, and to the barriers low-income residents face in their struggle to escape poverty.

CEDAC's mission is to enhance the capacity of non-profit, community-based development organizations to implement development activity which helps restore economic health to their communities. Broadening our technical assistance program to include the areas of economic development and child care better enables us to achieve our goals of restoring Massachusetts communities, and of building strong, vital, community-based development organizations as vehicles to achieve this mission.

Working with our non-profit partners, CEDAC's achievements in 1996 included:

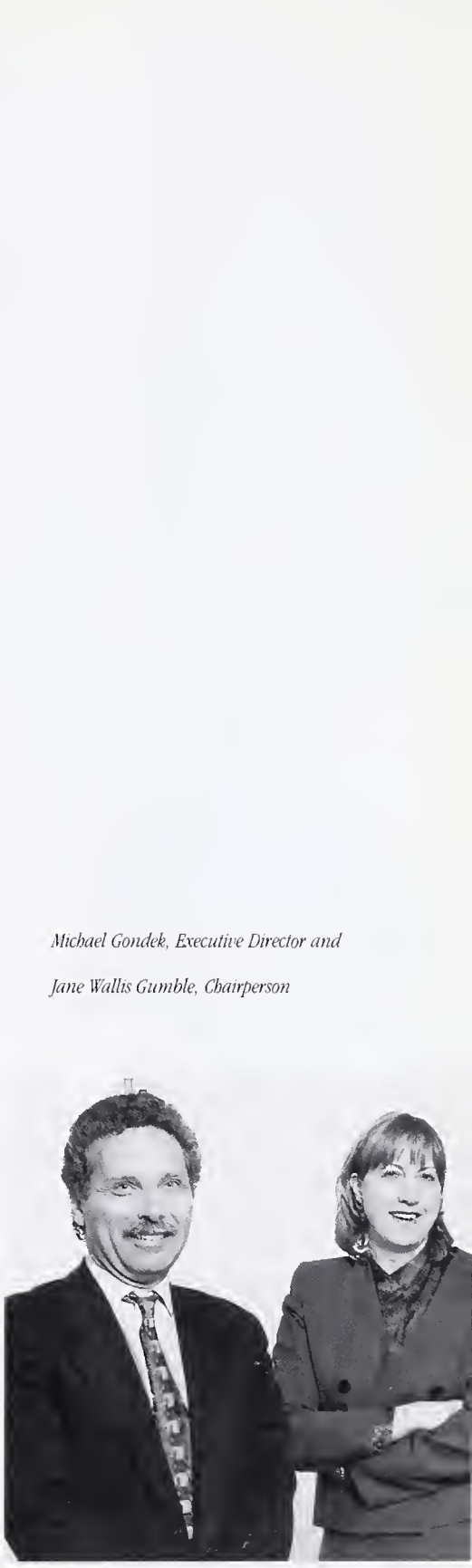
- *Successfully completing strategic planning processes with 14 community development corporations (CDCs) in Phase One of the Community Economic Development Capacity Building Initiative (CED CBI), setting the stage for the implementation of projects outlined in those strategic plans in 1997.*

- *Assuming management responsibility for the Child Care Capital Investment Fund (CCCIF), the development finance fund created by the United Way of Massachusetts Bay to improve and expand the facilities of non-profit child care providers, and preparing to assume corporate control of the CCCIF in 1997.*

⚜ *Continuing to work aggressively to help our non-profit partners respond to the growing need for affordable housing for low-income residents of the state. Despite dramatically increasing pressures on the federal housing budget, we played a pivotal role in successfully completing the sales of three more federal "expiring use" projects to tenant purchasers, while advocating for federal budget appropriations to ensure that the state's remaining 14 approved projects receive their funding.*

The non-profit housing and community development sector will remain a vital contributor to restoring the communities of Massachusetts as desirable places to live and work. For our part, we will look aggressively for new opportunities to advance this work. We look forward to a challenging, but rewarding, year in partnership with the non-profit development community.

We want to recognize the CEDAC board of directors for its commitment to CEDAC's mission and programs. We want to salute the efforts of the CEDAC staff, whose commitment embodies the values and the professionalism for which the agency stands. And we especially want to thank the numerous agencies and corporations with whom CEDAC works in partnership: they provide the resources, the support, and the shared mission which makes our work possible. The projects described on the following pages illustrate the important work they do, day in and day out.



Michael Gondek, Executive Director and

Jane Wallis Gumble, Chairperson

Jane Wallis Gumble
Chairperson

Michael Gondek
Executive Director

COMMUNITY ECONOMIC DEVELOPMENT CAPACITY BUILDING INITIATIVE

Peter Chapman of Madison Park Development Corporation presents MPDC's strategic plan to CED CBI participants.

Following a period of strong economic growth and skyrocketing housing prices, the Massachusetts economy experienced a serious downturn during the late 1980s and early 1990s. Community development corporations responded to these changing economic times by adjusting their activities to meet the needs of their residents and communities. During the 1980s, housing development had been the principal focus for most CDCs, because affordable housing was scarce, and jobs were more widely available. But during the 1990s, CDCs have increased their emphasis on economic development.

The Massachusetts Association of Community Development Corporations (MACDC) and CEDAC have designed the Community Economic Development Capacity Building Initiative (CED CBI) to help CDCs better focus their efforts on creating jobs and income for their low-income constituents. The CED CBI, administered by CEDAC, assists CDCs to develop the capacity to implement economic development activities which will achieve the greatest impact possible. Phase One of the CED CBI focused on forging new directions in strategic planning in economic development. Phase Two will focus on project development and implementation.

In Phase One, 14 participating CDCs engaged in comprehensive, community based planning processes to determine the appropriate roles their organizations should play in economic development. Phase One successfully accomplished its primary objectives by enabling CDCs to:

1. reassess their organizational capacity, and their previous programmatic efforts in economic development. After analyzing the impact of their programs, and reviewing their core organizational competencies, many chose to substantially re-focus their strategic direction.

2. examine critically the economic needs of their communities. A number of groups realized that the key economic issues facing their community had shifted, or that increased diversity in their neighborhoods had surfaced new concerns which the CDCs needed to incorporate into their strategic choices.

3. bring a fresh "lens" to the analysis of their local economy, and how regional and global economic forces affect it. Through surveys of local businesses, discussions with business executives, and economic research, many CDCs discovered economic sectors of continued strength, and potential for future economic growth. CDCs now perceive opportunities for themselves in addressing the full range of barriers that low-income people face in accessing jobs in these growth sectors.

4. recognize that they need not be all things to all people in the area of economic development. While there is a deep-rooted desire to bolster the general role of CDCs in economic development statewide, each CDC must tailor its priorities, focus its efforts, and use its scarce resources prudently to maximize its impact.

Joyce Mandel of Oak Hill CDC at a CED CBI workshop

CDCs are also placing a higher value on partnerships of all kinds. They are forming collaboratives to increase efficiency among themselves, learning from one another's efforts in program design and project implementation, and forming alliances with other actors in the local economy in which each entity contributes its particular skills and energies to the realization of greater economic opportunity for low-income residents of the CDC's neighborhood.

The completion of Phase One presents the CDC field with an exciting opportunity. Phase Two of the program will seek to capitalize on this opportunity by assisting CDC participants to implement their strategic economic development action plans. Phase Two will offer participants training; consultant services for program design and project development; peer training and information sharing; assistance in networking, fundraising, and relationship building; and seed funding to CDCs. The technical and financial resources offered in Phase Two will allow CDCs to advance the project and program directions they identified as priorities in Phase One.

. . . the culmination of the community's efforts serves as an emblem of the renewal of Egleston Square.

EGLESTON CENTER

The former site of the Egleston Square subway station, demolished when the elevated portion of the Orange Line was relocated in the early 1980's, had been an environmentally contaminated blight on the Egleston Square community for fifteen years. For almost ten years, residents and merchants of Egleston Square, elected officials, and community-based organizations had struggled to convert the unsightly, polluted parcel of land into a commercially viable development which would serve as a focal point for the Square. Now a remarkable partnership among the city of Boston, Fleet Bank, the Massachusetts Bay Transportation Authority (MBTA), and Urban Edge has brought to fulfillment a new commercial center on the site, bringing vitally-needed commercial services and new job opportunities to the Square.

Egleston Center,
Jamaica Plain/Roxbury

Most important, the culmination of the community's efforts serves as an emblem of the renewal of Egleston Square. Egleston Center is a visual focus for the Square, providing an important public plaza, and will help stimulate investment and improvements throughout the entire local business district. Egleston Center is anchored by a full-service branch of Fleet Bank, and contains a McDonald's Express restaurant as well as additional retail space. When fully rented up, Egleston Center will generate close to 50 new permanent jobs for local residents.

CHILD CARE CAPITAL INVESTMENT FUND

During 1996 CEDAC assumed full management responsibility for the Child Care Capital Investment Fund (the Fund), a subsidiary of the United Way of Massachusetts Bay. Capitalized by the United Way, local foundations and corporations, and a $1 million Program-Related Investment from The Ford Foundation, the Fund was established in 1990 as a five year pilot program to test the viability of providing debt financing to enable non-profit child care providers to invest in capital facilities, thereby improving the quality of child care programs.

The United Way and the Fund's Board of Directors concluded that the Fund had been an important success, and deserved continuation as a permanent institution for the child care industry. The United Way therefore decided to transfer the Fund and its assets to CEDAC's control starting in 1997.

Montessori Educare, Inc., Newton

The Fund continued to actively provide loan and grant financing, and technical assistance to non-profit child care providers in 1996. The Fund has now committed over $1.6 million in loan and grant financing for non-profit child care centers which serve over 70% low-income children, and has leveraged an additional $6.0 million in other financing. The Fund's financing and technical assistance have improved over 2,500 child care slots over its six year history. The Fund has also delivered substantial development and managerial technical assistance to non-profit child care providers, and an array of other financial products, including a computer loan program and a facilities assessment grant program.

The provision of quality child care will escalate in importance as changes in welfare laws are implemented over the next several years. The entry of more parents into the work force will put increased pressure on the child care delivery system to expand the supply of care that puts a premium on child development. CEDAC's control of the Fund will allow us to integrate its child care lending and technical assistance functions with CEDAC's work with non-profit development organizations and resident associations.

A number of the CDCs participating in the Community Economic Development Capacity Building Initiative want to expand the quality and quantity of family-based day care in their communities, especially for residents who do not speak English as a primary language, as an economic development mechanism. Other CDCs have identified the lack of child care as a crucial barrier to employment for low-income residents of their communities, so they will seek to explore new mechanisms and partnerships to increase the availability of child care. CEDAC plans to launch a pilot project in the HUD/MHFA Demonstration Disposition program with several of the resident associations, to evaluate the need for full day and after-school day care in their developments, and to secure capital resources and experienced providers to expand the supply of child care services available to those residents.

Montessori Educare, Inc., Newton

MONTESSORI EDUCARE, INC.

Montessori Educare, Inc., located in Newton, is a multicultural educational setting which offers a broad range of learning experiences to children in an open and supportive environment. The school serves a diverse, multicultural student population of one hundred and seventeen students, between the ages of three months through twelve years, from low- and middle-income families.

The Montessori Educare school recently moved into a long uninhabited brick building which required extensive repairs and alterations. State code, and repairs desirable for the proper functioning of a Montessori school, required the school to take out an interim loan to bring the property up to an appropriate standard. The school needed to refinance that loan, as well as address issues of a seriously limited facility. The Fund provided the Montessori Educare School with a loan for $120,000, to address its physical and financial needs.

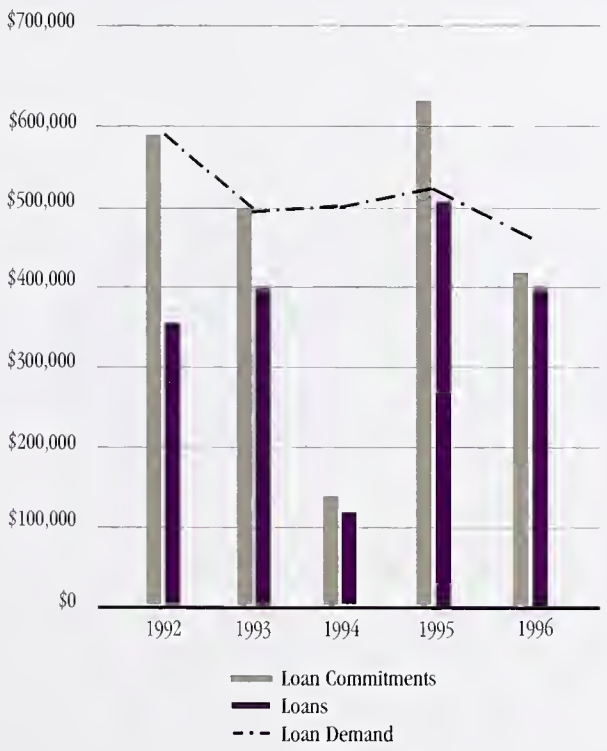
Salem's Point Child Care Center, Salem

SALEM'S POINT CHILD CARE

The Salem's Point Child Care center, which serves families in the predominantly Spanish-speaking Point neighborhood, could no longer afford to heat its leaky storefront space. The storefront condominium unit occupied by the center was owned by the city of Salem, so the center could not secure financing to make the capital investment needed.

The Fund made the center a grant to commission an architect to assess the center's key facility needs. Based on the assessment, the Fund then approved a $41,000 loan and grant package to complete improvements to a new after-school program space, and to upgrade the HVAC system and refurbish the storefront space. In addition, the Fund staff helped the center finally negotiate the acquisition of title to the condominium space from the city as part of the financing package.

Summary of Child Care Capital Investment Fund Lending Volume and Loan Demand



HOUSING DEVELOPMENT AND PRESERVATION

CEDAC continued to devote the largest share of its program effort to the development and preservation of housing for low income families and individuals. We concentrated our resources on restructuring troubled federally-assisted housing; using the resources of the Housing Innovations Fund (HIF) and the Facilities Consolidation Fund (FCF) to create new service-enriched housing options; and assisting the non-profit development community to generate new low-income housing in cities and neighborhoods where shelter is most needed. The following project profiles typify the work of our partners.

HOLYOKE

NUEVA VIDA APARTMENTS

The story of "Nueva Vida Apartments" began in 1990 as an effort by Nueva Esperanza, Inc. (NEI) to help residents get badly needed repairs to their buildings. The owners had abandoned the buildings. Falling ceilings, leaking water pipes, and broken sewer pipes threatened the health of the people who lived there. NEI helped the residents obtain a court-ordered receivership financed by the first mortgage lender, but the financing came too late to save these badly neglected buildings. The tenants were forced to leave when the city condemned the buildings.

Resident, Nueva Vida Apartments, Holyoke

Although no one lived in the buildings any more, the residents of the community repeatedly came to NEI to seek its help in stabilizing these properties. Easily accessible to those seeking a place to hide criminal activity, the boarded up buildings were typical of so many that had burned down in the neighborhood in recent years. With NEI-rehabbed buildings located on three sides of these buildings, a significant investment of public dollars and community effort was at risk.

For over three years these buildings sat vacant and boarded. In 1994 NEI purchased the three properties at auctions and began to seek public and private financing to acquire and substantially rehabilitate the properties for occupancy by low-income families. The resulting project, re-named Nueva Vida Apartments, is designed to provide the lowest possible rents without the benefit of an operating subsidy. A high standard of rehabilitation, from heavy duty windows and doors, to long wearing linoleum, to extra plumbing protections, will guarantee that the property will remain habitable for the longterm.

SOUTH VIEW APARTMENTS

South View Apartments in Holyoke is a 127-unit family housing development. The buildings, which date from the early 1900's, were initially rehabilitated in 1977 through HUD's Section 236 program, but now faced serious risk of foreclosure. Standing on the edge of a neighborhood that held two hundred other recently renovated units, their impending failure posed a significant threat to not only the people who lived there, but to the stability of the rest of the neighborhood as well.

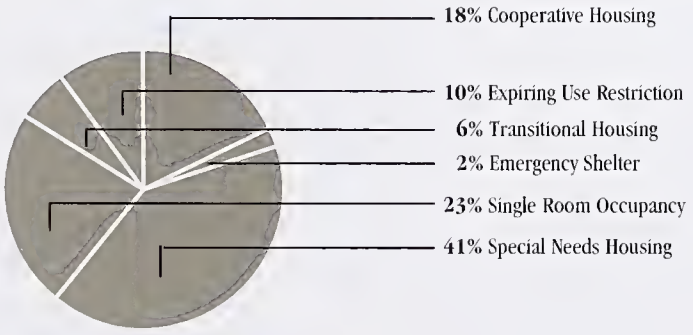
South View Apartments

South View Apartments . . . courtyard now holds community programs promoting immunization, prenatal care, teen activities and peer education groups.

Two non-profit housing developers in the neighborhood – Nueva Esperanza, Inc. (NEI) and the Hampden Hampshire Housing Project (H-HHP) purchased the buildings and then obtained a HUD "Flexible Subsidy" funding commitment. Together with syndication proceeds, the funding provided for the extensive improvements needed to bring the property back to health without additional debt service. Over two million dollars worth of investment were made, including many deferred site and building maintenance items, energy saving improvements, safety improvements, and some badly needed interior improvements like kitchen cabinets, toilets, carpeting and tile, baths and door repairs.

South View Apartments occupies fourteen buildings, thirteen of which surround a central courtyard. The buildings consist of four floor walk-up apartments. The units range from studios to 5 bedroom apartments. A small office space in the center courtyard now holds community programs promoting immunization, prenatal care, teen activities, and peer education groups.

FY96 Summary of Housing Innovations Fund and Facilities Consolidation Fund Activity by Housing Type



PRESIDENTIAL GARDENS

This year the Presidential Gardens Neighborhood Association (PGNA) became the new owner of the 200 unit HUD-assisted development in the Bradford area of Haverhill. Presidential Gardens is the fifth expiring use restriction development in Massachusetts to be preserved under resident-controlled ownership. Its progress has been a classic case in which persevering residents, elected officials, the local nonprofit agency Community Action, Inc. of Haverhill (CAI), CEDAC, and a professional team combined efforts to adapt to the constantly changing policies of HUD and Congress.

Helen Bone, resident at Presidential Gardens, Haverhill

The first meetings of residents began in 1988, to explore the owner's right to prepay his HUD-subsidized and insured mortgage. However, it wasn't until several years later that the owner, facing bankruptcy, made known his desire to sell the development. This provided an opportunity for the residents, The Community Builders (TCB), and CAI to forge a working partnership, which led to the residents' formation of PGNA, with the purpose of acquiring the housing for permanent affordability. In December, 1992, CEDAC lent PGNA its first predevelopment loan, which eventually grew to $325,000 by the time of the purchase. CEDAC also provided a $105,000 preservation technical assistance grant.

In what has become typical in the short history of the HUD preservation program, HUD's complex regulations, program rules and available resources constantly shifted, requiring the purchase plan to be modified repeatedly. In addition, the seller's legal problems with HUD threatened the deal several times. When all was finally ready, Congress passed a rescission of HUD's funding, and PGNA's purchase appeared to be in grave jeopardy. CEDAC, TCB, and the Boston HUD Office worked closely together to find a creative way to commit HUD funds to the project before the rescission took effect.

Frank Powers, PGNA's president, describes the "awesome new responsibility of owning Presidential Gardens as reflected in the $15 million in federal dollars committed for acquisition and renovation". Frank continues to emphasize the responsibilities of ownership and the opportunities for leadership in PGNA's monthly newsletter, which is also packed with news about the resident community, resident service resources, and regular reports on the progress of construction, which is now over 80% complete. In addition to necessary system upgrades and other repairs, the rehabilitation program features the construction of a new community building which will help PGNA to locate a variety of services on site.

Renovations in progress at Presidential Gardens, Haverhill

WESTMINSTER COURT APARTMENTS TENANTS ASSOCIATION (WCATA)

Westminster Court Apartments in Egleston Square

Westminster Court Apartments is a 70-unit development located in the Egleston Square area. In 1992, its private owner announced his intention to sell the HUD-insured property. The owner approached the residents, and stated his willingness to sell the property to them, if they could meet his price and put together the financing to acquire the property. The residents were hopeful, but cautious.

The residents formed the Westminster Court Apartments Tenants Association (WCATA). Rather than focusing immediately on ownership, WCATA sought to clarify its goals. The main concerns of the residents were the non-responsive nature of the property management, and the mediocre physical conditions of the housing units. The tenants agreed that they would measure their success in terms of whether they changed these two conditions, regardless of who owned Westminster Court.

WCATA began by assembling a team of advisors to help them determine how much work the property needed and where they could find the money for that work. They also needed to build the tenant organization into a business entity. And once a business deal was struck with the owner, and financing for the renovations was secured, WCATA had to decide how to structure the ownership of the property. To answer this question, WCATA began by assessing its own capabilities and measuring those skills against the tasks in front of them: securing all the financing; managing a complex construction process, including relocation; and property management. They decided they could not manage all of this alone, so WCATA searched for a joint venture partner, and eventually negotiated a partnership agreement with Urban Edge, a community based non-profit property developer and manager. Urban Edge had the staff expertise to complete the project. Westminster Community Limited Partnership, a joint venture of WCATA and Urban Edge Housing Corporation, purchased Westminster Court in 1996. Within the Project Agreement, the partners agreed to fund ongoing organizational development and property management training to WCATA out of the property's operating budget. If WCATA can continue to grow and expand its role, the Project Agreement gives WCATA the right to become sole owners by 1999.

Resident, Westminster Court Apartments in Egleston Square

The joint venture agreement is designed to capitalize on the skills of each partner, with the specific intent of building the capacity of WCATA over time. Urban Edge brings to the partnership a long history of real estate development and management as well as a commitment to solving neighborhood issues. WCATA brings its skill as an advocate for the residents, and the potential to play a larger role in the partnership as their capacity grows. Both partners share the goals of long-term affordability and decent housing. Through the Project Agreement, WCATA retained the controls it wanted, and obtained the real estate development capacity it needed.

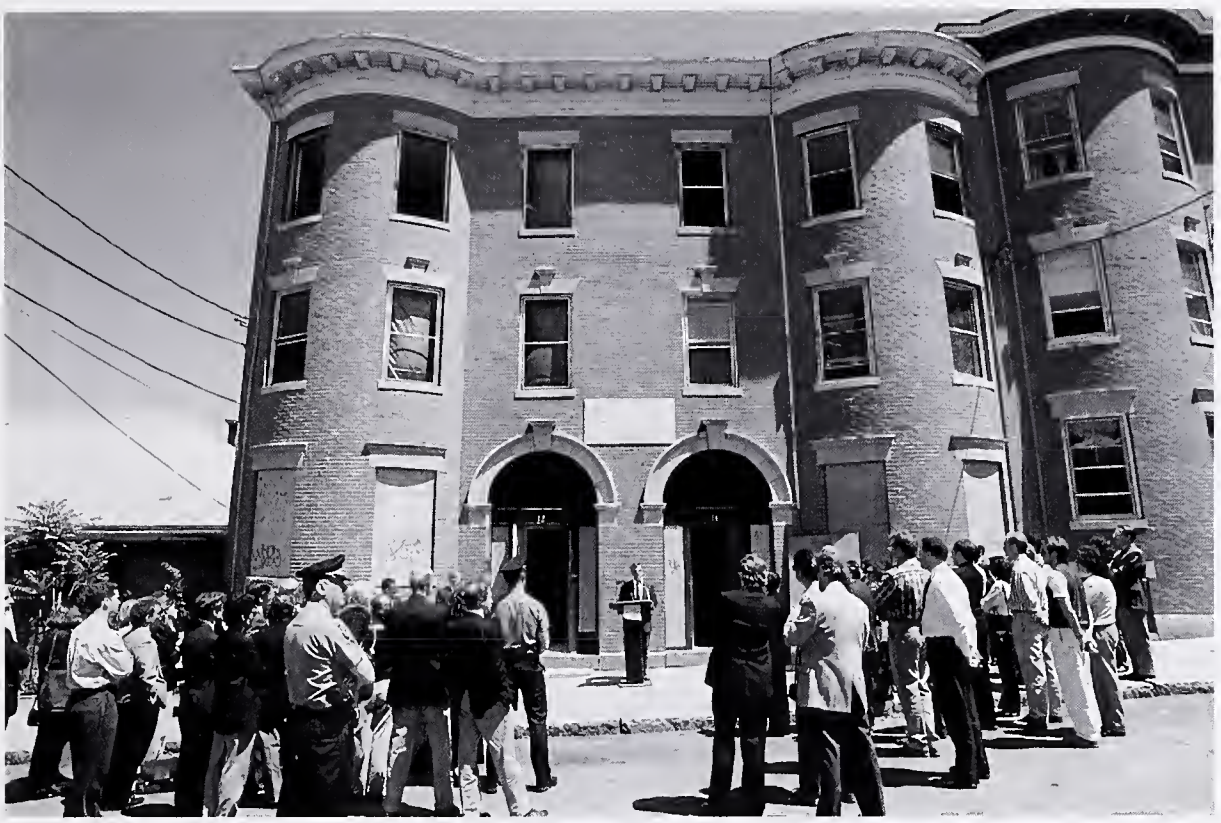
CHELSEA

CHESTNUT-GROVE-MARLBORO (CGM) APARTMENTS

La Comision de Asuntos Hispanos de Chelsea, Inc. (Chelsea's Commission on Hispanic Affairs) is a grassroots non-profit organization serving Chelsea's Spanish-speaking residents. Since 1989, La Comision has advocated for improved housing conditions, registered hundreds of voters, provided technical assistance to small business owners, and worked with many public agencies in Chelsea to improve public safety, building code enforcement, health care, education and other issues key to the quality of life in Chelsea. In 1993, La Comision decided to take a leadership role in spearheading an effort to produce low-income housing in Chelsea, by tackling the problem of deteriorating buildings owned by absentee landlords who would not address serious safety and code issues. The city of Chelsea and La Comision worked together to identify the most serious problem properties in the city.

La Comision did not want to play the role of developer itself, so it invited the Boston Citywide Land Trust (BCLT), a non-profit housing developer, to team up on its initial housing development project. BCLT is an experienced non-profit housing developer with over 250 affordable rental units in its portfolio. Originally founded by a group of Boston community development corporations, BCLT was established to preserve affordable housing and protect it from the speculative real estate market. BCLT's units are all reserved for low-income families and individuals, many of whom have special needs.

Marta Rosa of the Commission on Hispanic Affairs speaks with Michael Gondek, Executive Director of CEDAC, at Chelsea groundbreaking

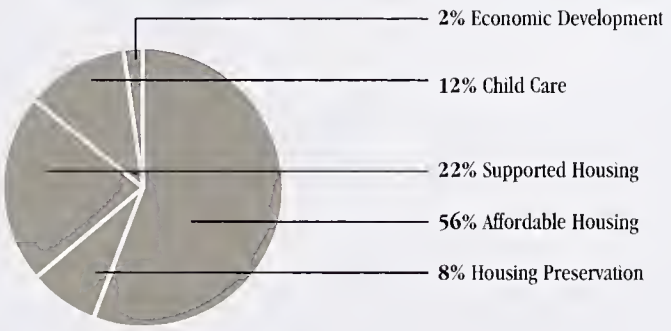


Groundbreaking ceremony at Grove Street in Chelsea

Together, La Comision and BCLT were able to secure control of forty three units of rental housing in four buildings. The process of securing site control was long and complicated, since most of the buildings were in default on their mortgages, had substantial city liens, and were in very poor condition. The city of Chelsea and CEDAC collaborated to provide over $375,000 in site acquisition and pre-development costs to fund the expensive and complicated tasks of securing the properties and assembling the financing for renovation.

The first twelve units were completed in August 1996 and represent the culmination of nearly three years of work. Originally constructed in 1910, 12-14 Grove Street and 31-33 Marlboro Street each contain six family sized units. The final two buildings, now about to start construction, will provide thirty-three additional units of housing for low-income families. The entire project is the most ambitious single effort to provide new quality rental housing for low-income families in over 15 years in Chelsea, and is a tribute to the perseverance of La Comision, and the partnerships it has built.

FY96 Summary of CEDAC Loan Commitments by Program Area



FOLEY HOUSE

Foley House, resident, Provincetown

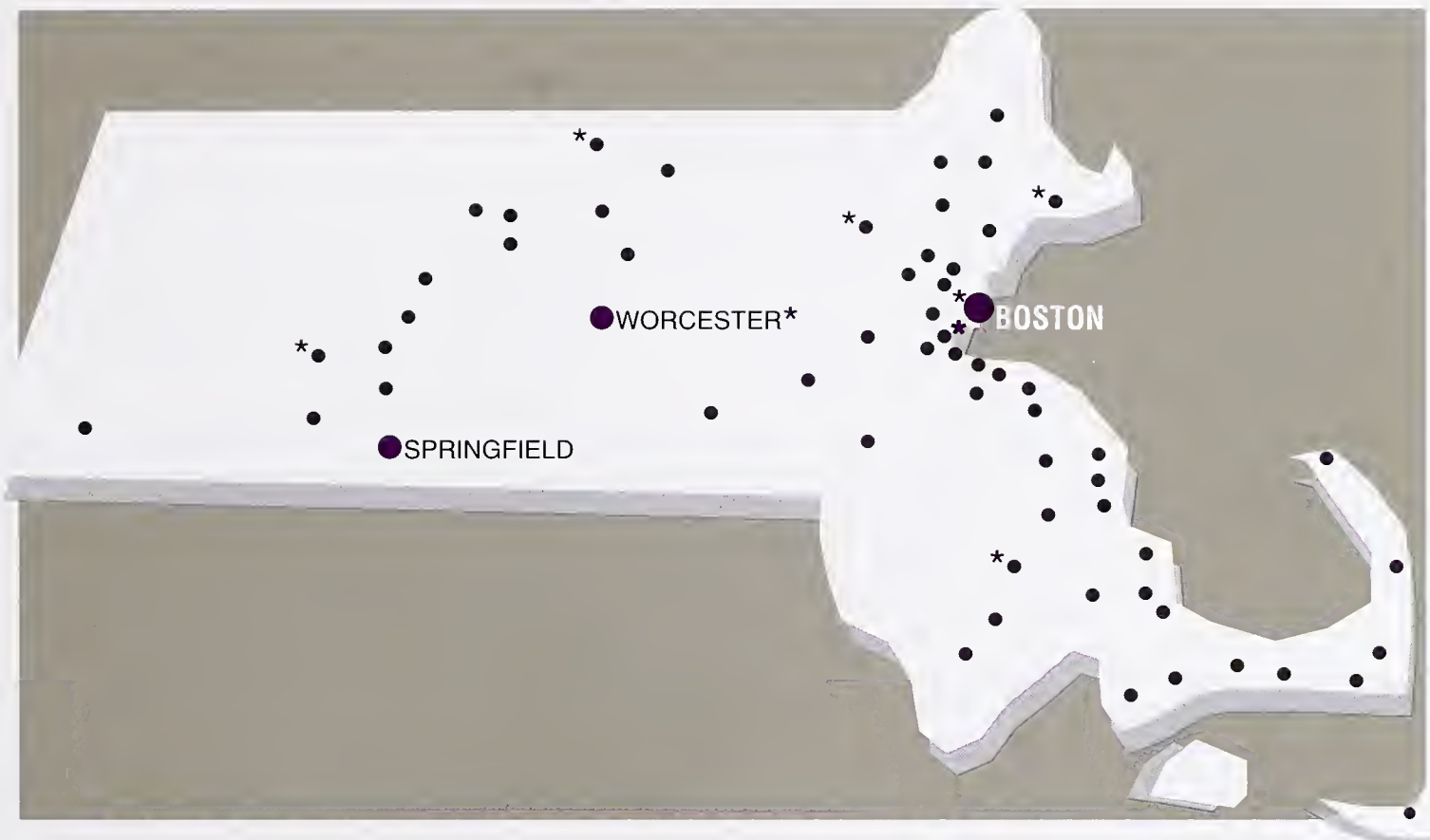
Foley House, a landmark ten unit residence for people with AIDS, overcame an unusual hurdle on its way to completion: at the commencement of the renovation work, the general contractor accidentally knocked down the historic structure. But the story had a happy ending. With the support of the project's funders, Foley House was able to rebuild the structure, and opened its doors in 1996 to make real its sponsor's vision of "assisting people with AIDS, through the coordination of services, to live their lives with dignity in their own homes without suffering the loss of vital services".

The idea for Foley House began with the Provincetown AIDS Support Group (PASG). PASG had a case load of almost 100 people living with HIV/AIDS in 1993, representing 2.5% of Provincetown's population. PASG recognized the need for affordable housing and related supportive services for its clients, and approached the Provincetown Housing Authority (PHA) for its support and help. The PHA owned a vacant building which it was willing to make available to PASG; thus began what would be a three year journey to develop what would eventually be known as Foley House, to commemorate Alice Foley, the founder of PASG.

PASG obtained capital funding from the Housing Innovations Fund, and HUD's HOME program, as well as Massachusetts Department of Public Health service contract funds and Shelter Plus Care rental subsidies. Despite its shaky construction start, Foley House now houses ten individuals who live independently with on-site supportive services available.

Foley House, Provincetown

1996 GEOGRAPHIC DISTRIBUTION OF CEDAC PROJECTS



In 1996 CEDAC provided assistance to projects in the following communities:

*Athol
Bernardston
Beverly
Boston
Braintree
*Brockton
Cambridge
Centerville
Charlestown
Chelsea
Chesterfield
Chicopee
Chinatown
Dorchester
East Boston
Fall River
*Fitchburg
Framingham
Freetown
Gardner
Greenfield
Hadley
Halifax
Hansen
Harwich
Haverhill
Holliston
*Holyoke
Hyannis
*Jamaica Plain
Kingston
Lakeville
Lawrence
Leominster
Leverett
*Lowell
Marion
Marshfield
Medford
Metheun
Middleboro
Nantucket
Newton
North Dartmouth
*Northampton
Northfield
Orange
Orleans
Pittsfield
Plympton
Provincetown
Quincy
Reading
Rochester
Rockland
Roslindale
*Roxbury
*Salem
Shirley
*Somerville
*South Boston
Springfield
Taunton
Wales
Wareham
Watertown
Webster
Wendell
West Bridgewater
Wilmington
Woburn
*Worcester

**Community Economic Development Capacity Building Initiative Participants (Phase Two)*

Community Economic Development Assistance Corporation
Statement of Financial Position
June 30, 1996
(with Comparative Totals for 1995)

Assets	Total Unrestricted	Restricted Program Funds	Restricted Loan Funds	Total 1996	Total 1995
Current Assets:					
Cash(Note A)	$ 829,472			$ 829,472	$ 719,054
Restricted Cash (Note A)	22,101	$ 45,715	$ 9,389,134	9,456,950	9,498,775
Accounts Receivable	97,625			97,625	207,920
Grants Receivable	25,000	80,000		105,000	148,000
Net Interfund Receivable	75,891		2,150	78,041	25,562
Prepaid Expenses	14,909			14,909	7,966
Total Current Assets	1,064,998	125,715	9,391,284	10,581,997	10,607,277
Other Assets:					
Loans Receivable, net of Allowance for Uncollectible Loans of $511,428(Note E)	-		2,678,844	2,678,844	2.989,739
Furniture and Fixtures	172,020			172,020	148,776
Leasehold Improvements	44,905			44,905	41,732
Less: Accumulated Depreciation	(104,243)			(104,243)	(116,828)
Total Other Assets	112,682	-	2,678,844	2,791,526	3,063,419
Total Assets	$ 1,177,680	$ 125,715	$ 12,070,128	$ 13,373,523	$ 13,670,696
Total Liabilities and Net Assets					
Current Liabilities:					
Accrued Expenses	28,757	9,663	4,560	42,980	49,566
Deferred Revenue(Note F)	89,163	116,052	154,792	360,007	520,301
Net Interfund Payable	-		78,041	78,041	25,562
Deferred Compensation Payables(Note D)	13,696			13,696	14,898
Accrued Compensation	20,926			20,926	27,760
Total Current Liabilities	152,542-	125,715	237,393	515,650	638,087
Other Liabilities					
Note Payable to Funding Source(Note B)	130,476		11,136,139	11,266,615	11,532,261
Total Other Liabilities	130,476	-	11,136,139	11,266,615	11,532,261
Total Liabilities	283,018	125,715	11,373,532	11,782,265	12,170,348
Net Assets					
Unrestricted Funds:					
Board Restricted:					
Operating and other Reserves(Note A)	781,980			781,980	769,002
Capital Fund(Note A)	112,682			112,682	73,680
CEDAC Loan Fund(Note A)	-		696,596	696,596	657,666
Total Net Assets	894,662	-	696,596	1,591,258	1,500,348
Total Liabilities and Net Assets	$ 1,177,680	$ 125,715	$ 12,070,128	$ 13,373,523	$ 13,670,696

Note: These figures are derived from CEDAC's audited financial statements. A complete audit is available upon request.

Community Economic Development Assistance Corporation
Statement of Activities
For the Year Ended June 30, 1996
(with Comparative Totals for 1995)

	Total Unrestricted	Restricted Program Funds	Restricted Loan Funds	Total 1996	Total 1995
Revenue and Support					
Grants	$ 123,336	$ 252,485		$ 375,821	$ 397,282
Earned Revenue	996,400			996,400	867,867
Recovery of Uncollectible Loans	-		$ 191,475	191,475	118,402
Recapture Revenue	-			-	25,587
Interest	57,227	5,579	569,161	631,967	336,929
Other	-		73,551	73,551	53,556
Release of Program Restrictions	258,064	(258,064)		-	-
Release of Loan Fund Restrictions	422,233		(422,233)	-	-
Total Revenue and Other Support	1,857,260	-	411,954	2,269,214	1,799,623
Expenses					
Loan Fund Expenses:					
MHP Loan Fund	150,000			150,000	120,000
MHFA TOTAL Loan Fund	27,939			27,939	243,726
HIF/FCF Loan Funds	73,551			73,551	53,556
CCCIF Loan Fund	170,743			170,743	144,843
Program Expenses:					
Pre-Development Lending	704,181			704,181	894,901
Child Care	47,711			47,711	27,012
CED CBI Initiative	277,143			277,143	98,013
Other Expenses					
Management and General	335,928			335,928	311,052
Fundraising	9,540			9,540	8,974
Total Expenses	1,796,736	-	-	1,796,736	1,902,077
Adjustments:					
Net (Decr.) Incr. in Note Payable	-	-	(373,024)	(373,024)	202,905
Capital Purchases	-	-	-	-	-
Net Fixed Asset Disposals	(8,544)	-	-	(8,544)	-
Net Adjustments	(8,544)		(373,024)	(381,568)	202,905
Change in Net Assets	51,980		38,930	90,910	100,451
Beginning Net Assets	842,682	-	657,666	1,500,348	1,399,897
Ending Net Assets	$ 894,662	$ -	$ 696,596	$ 1,591,258	$ 1,500,348

Note: These figures are derived from CEDAC's audited financial statements. A complete audit is available upon request.

COMMUNITY ECONOMIC DEVELOPMENT
ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996 and 1995

Note A Summary of Significant Accounting Policies

The Community Economic Development Assistance Corporation (CEDAC) is a quasi-public corporation established under Chapter 40 H of Massachusetts General Laws in 1978 and is discretely presented as a component unit in the Commonwealth of Massachusetts' Comprehensive Annual Financial Report. CEDAC provides a range of development assistance programs to nonprofit development corporations throughout the Commonwealth of Massachusetts to expand the supply of affordable housing and foster the revitalization of economically distressed areas. The accompanying financial statements were prepared on the accrual basis.

CEDAC has obtained a determination letter dated July 13, 1993 from the Internal Revenue Service which states that it is exempt from Federal income tax under code Section 501(c)(3) of the Internal Revenue Code. As such, CEDAC has not provided for income taxes in the accompanying financial statements.

A summary of significant accounting policies consistently applied in the preparation of the financial statements follows:

Classification of Net Assets

Unrestricted Funds are comprised of the funds used to support general CEDAC operations.

Restricted Program Funds relate to funds contributed by donors for special CEDAC programs. Contributions are recorded in the restricted program funds as they are received. When the funds are used according to their restricted purpose, the program funds are reclassified to unrestricted funds and are reported in the statement of activities as a transfer of program expenses.

Included in the restricted program funds at June 30, 1996 are those funds associated with the Community Economic Development Capacity Building Initiative (CED CBI). The CED CBI is jointly sponsored by CEDAC and the Massachusetts Association of Community Development Corporations (MACDC). The program provides training workshops and consulting assistance to community development corporations to enhance their capacity to carry out strategic planning for economic development in their target areas. The program has been fully funded by grants and contributions.

Restricted Loan Funds include those loan funds capitalized at CEDAC by various funders. These loan funds are managed by CEDAC under a management contract with the funder which outlines the use of the loan corpus and its accumulated interest. The restricted loan funds are reflected on the financial statements as a Note Payable to the Funding Source. Under these management contracts, CEDAC is allowed to charge certain administrative expenses directly to the loan fund, and these are shown as direct loan fund expenses

Included in the restricted loan funds is the CEDAC Loan Fund which was established with an initial capitalization of $300,000 from the Commonwealth of Massachusetts and through subsequent capitalizations from other funders. During 1996, the RTC Loan Fund and the Massachusetts Arts Loan Fund were consolidated into the CEDAC Loan Fund pursuant to agreements with the funding agencies. The CEDAC loan fund is used to assist eligible non-profit organizations in covering predevelopment costs for the construction or rehabilitation of residential, commercial and industrial real estate. Loans from the CEDAC Loan Fund are unsecured and bear 5% simple interest until the scheduled due date of the loan, which is generally the construction loan closing date of the project. As of June 30, 1996, a reserve for loan losses in the amount of $56,561 has been made.

Notes Payable to Funding Source

Loan funds managed by CEDAC are governed by contracts between CEDAC and the funding source. The loan corpus and accrued interest is recorded as a note payable for each of the following funding sources:

- **The Massachusetts Housing Partnership (MHP) Loan Fund** was established with $3.8 million in funding from the MHP Fund in 1986 as authorized by Chapter 405 of the Acts of 1985. The MHP Loan Fund is used to provide site option loans, technical assistance advances and front money loans to nonprofit organizations. In order to be eligible for such a loan, the project must result in construction or rehabilitation of affordable housing.

  Under the terms of the contract between CEDAC and the MHP Fund, all principal and interest accrues to the MHP Fund. During 1996, the Fund was reclassified as a note payable to the MHP Fund. The current contract between CEDAC and MHP expires on December 31, 1996.

  Loans from the MHP Fund are generally unsecured and bear 5% simple interest until the scheduled due date of the loan, generally the construction loan closing date of the project. As of June 30, 1996, a loss reserve in the amount of $318,360 has been recorded.

- **The Child Care Capital Investment Fund (CCCIF)** was established through an initial capitalization of $443,165 from the Child Care Capital Investment Fund, Inc., a controlled affiliate of the United Way of Massachusetts Bay. Additional loan funds were provided through a Program Related Investment (PRI) of $1 million from The Ford Foundation to the CCCIF. The term of the Ford PRI loan is nine years, with partial repayments in the sixth through the ninth years of the loan.

CEDAC has been retained by CCCIF as the Fund's manager, making loans and providing technical assistance to nonprofit child care centers serving low income children. CEDAC's role is to manage the corpus; to underwrite, originate, and service the Fund's eight financial products; to supply the technical assistance to eligible organizations; and to provide advice on public policy matters. Loans from the CCCIF are fully amortizing at 5% simple interest. As of June 30, 1996, a reserve for loan losses in the amount of $114,395 has been recorded.

• The MHFA TOTAL Loan Fund was established through an initial capitalization of $350,000 from the Massachusetts Housing Finance Agency (MHFA) for the Tenant Organization Technical Assistance Loan (TOTAL) program. CEDAC's contract for this program provides for additional funds as needed to make loans to tenant organizations or other nonprofits seeking to purchase and develop assisted multifamily properties owned, financed, or regulated by HUD.

CEDAC provides technical assistance to the tenant organizations or nonprofit developers and recommends loans for financing under the TOTAL Loan program to MHFA for its approval. Loans under the TOTAL program are interest-bearing at 5% simple interest. Interest earned on TOTAL loans accrues to the TOTAL loan fund. As of June 30, 1996, a reserve for loan losses in the amount of $22,112 has been recorded.

During 1996, the terms of repayment for ten projects funded through the TOTAL loan program were amended by MHFA and HUD. Repayments of principal and interest for these projects are made by HUD directly to MHFA. As amounts are received, MHFA writes off an equal amount of CEDAC's note payable, reducing CEDAC's payable to MHFA. As of June 30, 1996, CEDAC's note payable was reduced by a total of $706,843. The terms of other loans in the portfolio remain unchanged.

Underwriting and Fiscal Agent Services

CEDAC serves as underwriter and fiscal agent for Housing Innovations Fund and Facilities Consolidation Fund loans which are committed by the Department of Housing and Community Development (DHCD). Upon closing of each loan, DHCD generally disburses loan proceeds and related fees to CEDAC for disbursement to the designated borrowers.

Notes and mortgages executed in connection with each loan are assigned to CEDAC, which is responsible for the collection of loan repayments. CEDAC and its officers, directors and employees are not liable to DHCD for any losses on loans not repaid or otherwise recovered. DHCD is also responsible for monitoring the performance of these loans.

The Housing Innovations Fund (HIF) was funded by $30 million in general obligation bonding authority in 1987. Additional HIF commitments were funded by $30 million of a second general obligation bonding authority in 1993. The funds are used to support subordinated deferred payment mortgage loans to specific affordable housing projects owned by nonprofit organizations. During 1993, $3 million of the 1987 bond authorization was earmarked to support AIDS Housing projects serving clients with AIDS, HIV and other AIDS related illness.

The Facilities Consolidation Capital Pooling Program (FCF) was funded by $50 million in general obligation bonding authority in 1993. The funds are used to support subordinated deferred payment mortgage loans to specific affordable housing projects owned by nonprofit organizations. Projects funded through the FCF program are targeted to clients leaving state supported facilities operated by the Massachusetts Department of Mental Retardation (DMR) and the Massachusetts Department of Mental Health (DMH).

By agreement with DHCD, a fee is paid to CEDAC to cover the administrative costs of underwriting these mortgages. Interest earnings on these funds are added to the note payable balance until returned to the funding source. HIF and FCF notes payable are presented in the financial statements net of loans receivable at June 30, 1996. Gross loans receivable and notes payable by loan program are as follows:

	HIF 1	HIF 2	FCF	Total
Notes Payable, Beginning	$26,152,797	$2,699,102	$1,120,040	$29,971,939
Reduction in Note Payable by Funder for Project Expenses	(32,603)			(32,603)
Proceeds from Funding Source	491,871	4,184,854	2,447,398	7,124,123
Interest earned, added to Note Payable	83,414	97,676	53,820	234,910
Interest Paid, charged to Note Payable	(77,568)	(19,021)	(19,885)	(116,474)
Notes Payable, Ending	26,617,911	6,962,611	3,601,373	37,181,895
Loans Receivable Ending	(25,289,367)	(3,847,115)	(3,034,551)	(32,171,033)
Net Note Payable	**$1,328,544**	**$3,115,496**	**$566,822**	**$5,010,862**

CEDAC BOARD OF DIRECTORS

JANE WALLIS GUMBLE
Chairperson
Director, Department of Housing and
Community Development

CLARK L. ZIEGLER
Vice Chairperson
Executive Director, Massachusetts Housing
Partnership Fund

BARBARA A. CLEARY
Treasurer
President, Affirmative Investments Group, Inc.

JAMES L. CANAVAN
Executive Director, Community Teamwork, Inc.

PETER F. DALY
Executive Director, Homeowner's Rehab, Inc.

PATRICIA F. McDERMOTT
Chief of Staff, Representative Kevin W. Fitzgerald's
Office

RICHARD C. MURAIDA
Vice President, Fleet Bank

E. DORINE NAPARSTEK
Research and Program Development Specialist,
Massachusetts Housing Finance Agency

E. LINN TORTO
Assistant Secretary for Residential Services,
Executive Office of Health and Human Services

THOMAS G. SCHNORR
Corporate Counsel, Clerk
Palmer & Dodge, LLP

CEDAC STAFF

MICHAEL GONDEK
Executive Director

VINCENT F. O'DONNELL
Director of Development

KAREN E. KELLEY
Director of Administration and Finance

CHARLEEN REGAN
Senior Program Manager

DANIEL VIOLI
Senior Program Manager

KATHY CALHOUN
Senior Project Manager

BETH MARCUS
Senior Project Manager

BRONIA CLIFTON
Project Manager

THERESA M. WILLIAMS
Project Manager

LESLIE A. BOS
Program Assistant

JEMMA J. WILLIAMS
Administrative Assistant/Office Manager

XIAOHONG PEI
Bookkeeper

Design: Powell Design
Photography: Greig Cranna

FUNDERS

CEDAC's activities are made possible with the generous assistance of the agencies, foundations and corporations listed below. We are very grateful to them for their continuing support.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT,
COMMONWEALTH OF MASSACHUSETTS

PUBLIC FACILITIES DEPARTMENT, CITY OF BOSTON

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

MASSACHUSETTS HOUSING PARTNERSHIP FUND

MASSACHUSETTS HOUSING FINANCE AGENCY

CHILD CARE CAPITAL INVESTMENT FUND

UNITED WAY OF MASSACHUSETTS BAY

MASSACHUSETTS DEVELOPMENT FINANCE AGENCY

DIVISION OF CAPITAL PLANNING AND OPERATIONS,
EXECUTIVE OFFICE FOR ADMINISTRATION AND FINANCE

SURDNA FOUNDATION

THE BOSTON FOUNDATION

ANONYMOUS

LOCAL INITIATIVES SUPPORT CORPORATION

BANK OF BOSTON

THE HYAMS FOUNDATION

FLEET BANK

FANNIE MAE FOUNDATION

The Community Economic Development Assistance Corporation (CEDAC) is the Commonwealth of Massachusetts' technical assistance provider for non-profit, community-based development organizations. Established by the Massachusetts Legislature in 1978, CEDAC has helped residents of Massachusetts restore their communities as stable and vibrant places in which to live and grow. CEDAC is governed by a nine member board of directors appointed by the Governor of the Commonwealth. It is a 501(c)(3) tax-exempt organization.

The Commonwealth of Massachusetts
WILLIAM F. WELD,
Governor

ARGEO PAUL CELLUCCI,
Lieutenant Governor

Department of Housing and
Community Development
JANE WALLIS GUMBLE,
Director

CEDAC
JANE WALLIS GUMBLE,
Chairperson

MICHAEL GONDEK,
Executive Director

CEDAC

18 Tremont Street

Suite 1020

Boston, MA 02108

(617) 727-5944

Fax (617) 727-5990

E-mail cedac@cedac.org